Why do women DVMs make less money?

How to beat the lingering recession

What's new on the computer horizon?

JANUARY 1992

veterinary economics

ATTRACTING AND KEEPING TOP TALENT AND PROFITS

A SALARY REPORT BY OWEN McCAFFERTY, CPA

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Challenge 92: Stop the revolving door

Can you pay good staffers what it takes to keep them on the job—and still profit from your practice? Doing so may pose the most difficult challenge you'll face this year. The pool of available workers is dwindling, so if the employee entrance to your practice is a revolving door, you may find yourself out of luck.

What amount of money keeps good staffers? That's a good question; unfortunately there's no magical formula to answer it. And what about benefits? Again, no magic. Now, however, thanks to Owen McCafferty, there is a growing body of data designed to help you *think about* and *anticipate* what it will take to keep good employees in a tight market. (No, money and benefits aren't the only—or even the top—concerns employees have about their jobs. But in a competitive market, you'll be pressured to please people on all fronts in order to keep them.)

McCafferty began his trek into the salary jungle with a survey printed in the February 1990 issue of VETERINARY ECONOMICS. He and his team then analyzed every single response to the quite complicated form, and slowly began to paint a picture of what is being paid, and to whom. McCafferty's efforts are truly a labor of love for the veterinary profession; his firm invested considerable time and energy into laying the groundwork that will make it possible for us to provide the information you'll need to weather the coming employee storms.

When we received McCafferty's 60-page report last summer, we decided to divide it into four parts, and to publish it immediately following our fall reports on earnings, fees, and expenses. McCafferty's survey will become an annual event as well, complementing our research efforts into the finances that affect you and your practice the most.

As you study this month's cover story, bear in mind a point McCafferty makes early on: The commentary and discussion are just as important as the numbers themselves. Because there *is* no magic formula for determining salaries, you'll serve your practice and your employees best by using the data to *inform* your decisions, not to make them.

Becky Turner

Rebecca R. Turner

veterinary economics

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COMMENTARY

WHY DO WOMEN DVMs MAKE LESS MONEY?

Survey statistics show that not only do female veterinarians take home less pay than their male colleagues, their incomes don't keep up with cost-of-living increases. One angry practitioner demands answers; one practice management consultant responds. The issue needs your input as well.

Dear VETERINARY ECONOMICS:

A better cover line for your September issue would have been, "*Male* Veterinarians' Earnings Are Up!" With only a 1.9-percent increase in women veterinarian's salaries, and a cost-of-living increase of about 5 percent, women veterinarians' incomes have actually *decreased*.

Your annual article on earnings glossed over the glaring inconsistencies between the incomes of male and female veterinarians. Readers are likely to read the chart comparing the two and to think, "Women probably work part-time more often, thus their earnings appear less"; or, "Women have only recently filled the ranks of the profession, so they are younger on the average—and thus earn less"; or any one of hundreds of other assumptions and myths that continue to persist, in large part because no one has taken the time and effort to investigate the problem.

How much effort would it have taken to include a third column in every chart in your article, showing the income for male and female veterinarians of each practice type? And you could've asked each respondent, "How many hours per week do you work?" These two items would go a long way toward furthering our understanding of this problem—a problem that cannot be ignored.

Because women now make up more than half of all graduating veterinarians, and because women veterinarians earn less, the obvious result is that the income of the profession as a whole is going to drop. Doesn't it behoove us to find out the reasons behind this marked difference in wages?

When will even one researcher do a true comparison of men and women in our profession? Are we afraid that if we ask pointed questions we'll have to face the horrible possibility that our profession is indeed discriminating against women? If we compare wages between men and women of the same graduating class who work the same hours per week, and find that the women are earning less, then we might have to do something about the problem.

Is it easier to bury our heads in the sand? Do any women veterinarians care? Or could it be that we are too busy working and thinking that if we do our jobs well, we will someday be rewarded? Are we so insecure about keeping those jobs we now have that we will continue to be silent?

Carin Smith, DVM
Leavenworth, Wash.

Editor's note: A little background on our financial survey: We cross-reference all of the information we receive from practitioners by sex, years in practice, number of active clients, hours worked, gross income, net income, business status, number of DVMs in the practice, practice type, and region. Unfortunately, it isn't possible to cross-reference within these categories; we can't, for example, tell you what women veterinarians who work 60 hours per week make.

Therefore it's not a matter of "effort," as Dr. Smith suggests, but of survey structure. We can, however, provide most of the earnings and demographic information by gender, and you'll find that information on pages 31 and 32. We're also looking into the possibility of conducting a survey, based on year of graduation, that would provide a more in-depth look at how the income of women and men of the same experience, who work the same number of hours, compares.

At Dr. Smith's suggestion, we also forwarded her letter to practice management consultant Don Dooley and asked him to respond.

His response appears below. Your interpretations of the situation and of the available statistics are welcome as well.

It's human nature to find someone else to blame when things don't go as we hoped. This tendency has been elevated to new heights of accomplishment today. Anyone who wants one can now have some "ism" to blame for a failed expectation. With so many "isms" available, we no longer have to take any responsibility for our own success.

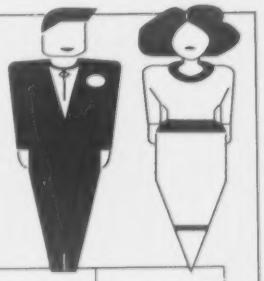
The most recent income figures published by VETERINARY ECONOMICS (September 1991) could be taken to represent an "ism"; namely, sexism. The income reported for women veterinarians was only 60 percent of their male counterparts' income—an obvious and blatant case of sexism and discrimination. Or is it?

As a practice management consultant and the executive secretary of two veterinary medical associations, I talk to dozens of veterinarians every year who are trying to hire associates. During the past 20 years, I believe I've heard just about every imaginable hiring prejudice there is, but I have never heard a veterinarian mention the possibility of a salary differential based on gender.

Of course, practice owners are people, and as such, do have their prejudices. But I've found that their prejudices have more to do with the veterinarian they're replacing than with any other factor. They either want a veterinarian exactly like the one leaving, or exactly the opposite.

Their prejudices are more apt to be about size, age, school, marital

THE GENDER QUESTION



Of the doctors who responded to our 1991 financial survey, 76.5 percent were men; 23.5 percent were women. In the chart below, you'll find the average response to 11 of the questions we asked, compared here by gender.

Number of years in practice*	16.2	7.9
Number of client visits per week (per DVM, at hospital)	62.9	68.6
Number of client visits per week (per DVM, at clients' farms, homes)	12.0	5.4
Total client visits per week, per DVM	75.8	73.5
Hours devoted to practice per week	52.8	50.1
Business status:		
Solo practitioner	51.6%	30.9%
Partner	28.1%	12.9%
Employee	19.9%	55.5%
Other	0.4%	0.7%
Average client transaction fee for clinical procedures and drugs	$57.20	$63.20
Average client transaction fee for merchandised products	$19.30	$22.90
Total average client transaction fee	$69.90	$76.60
Individual gross income produced for the practice	$172,800	$142,200
Individual net income	$62,700	$37,400

All figures are means (averages).
*For percentage breakdowns, see page 32.

Source: VETERINARY ECONOMICS' 1991 financial survey.

status, or religion than they are about gender. However, because it's so difficult to find an associate these days, none of these prejudices mean much. Still, there are much better reasons for the salary differences among veterinarians than the simplistic charges of sexism and discrimination:

Take seniority, for example. The peak earning years for a practicing veterinarian are between 45 and 60. Of the practitioners in that age range, the vast majority are males. Yes, drastic changes have occurred in the ratio of male to female veterinarians, but we're still years away from those changes making a difference in the average incomes of each gender.

When we hear that there are now many more women veterinarians, we need to remember that this phenomenon has happened fairly recently. Many of these women are either still in school or have graduated in the last five years.

The fact is, many female veterinarians are still in their lowest earning years —which creates an income differential that has nothing to do with anything except when you were born. In fact, I'd bet many veterinarians would gladly give up their higher incomes to be 20 years younger.

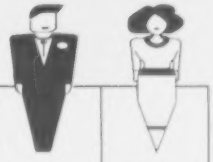
Income differences also can be traced to practice ownership. I contend that there *should* be a sizable difference between the incomes of practice owners and employees—no matter what the gender of either party — because of the investment and management responsibilities required of an owner. Choosing to be an owner or an employee is an individual decision, and has nothing to do with sexism or discrimination.

I believe that current age variations in the profession explain why the majority of practice owners are male. I predict that by the end of the next decade, most veterinary practices will be owned by women veterinarians; it follows, then, that women doctors will have higher average incomes than men.

THE NUMBERS ARE SHIFTING

How long have women been in practice compared to men? The chart below reflects the recent influx of women into the profession, and the majority status men still hold in number of years in practice.

For example, of women veterinarians, 20.2 percent have been in practice fewer than two years, while only 4.1 percent have been in practice for more than 21 years. The numbers flip-flop for men: More than 30 percent of those currently practicing have been doing so for more than 21 years; only 5 percent have been in the profession less than two years.



Number of years in practice		
Less than 2	5.0%	20.2%
3-5	12.0%	20.9%
6-10	18.9%	33.7%
11-20	32.5%	21.1%
21 or more	31.5%	4.1%
Average # of years in practice	16.2	7.9

Source: VETERINARY ECONOMICS' 1991 financial survey.

Choosing to succeed

No one can deny that women have been discriminated against in veterinary medicine—especially the first women who entered the profession. But many of these women also proved that being a victim of discrimination is a choice—and they chose not to be victims. They rose above the sexism, and made a place for themselves and the women who were to follow.

How do you become a victim of an "ism"? By putting your life in the hands of those who supposedly control the "ism" and, in turn, control your fate. Doing so allows you to spend your time being both helpless and self-righteously indignant rather than doing something about the perceived wrong that's been done to you. By becoming the victim of an "ism," you assume that the world around you must change in order to better your lot in life. But because this probably isn't going to happen, you just give up and suffer.

Belief in an "ism" can become a self-fulfilling prophecy. When a person chooses to become the victim of an "ism," the choice has a negative effect on the person's self-esteem—which is, by the way, *the greatest single influence on personal income.* The best way to raise your self-esteem, and thereby your income, is to take responsibility for your own life. By refusing to become the victim of an "ism"—either real or imagined—it's possible to put the energy that's wasted on self-pity and indignation to better use.

If you *are* discriminated against—whether you're male or female, tall or short, fat or thin—because of someone else's prejudice, leave and go someplace where you're appreciated. If the discrimination happens to you several times in a row, take a serious look at yourself instead of thinking you're the victim of some profession-wide conspiracy. Veterinarians are too difficult to organize for such a conspiracy to hold any credibility.

Whether a woman or a man, a practitioner's income ultimately depends on the amount of income and profit he or she produces for the practice. It doesn't matter how the salary is determined or what it's based on, the money to pay the salary comes from the money that clients bring into the practice.

Veterinarians who concentrate on quality medicine, client rapport, staff relations, and charging for everything that is done will always have a good income. If you spend your time being victimized and fighting discrimination, real or imagined, instead of being the best practitioner possible, you'll pay a high price. ■

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CHALLENGE 1992

ATTRACTING AND KEEPING TOP TALENT *AND* PROFITS

What will it take to hang on to your staff *and* your profits in the face of rising costs and dwindling pools of employees? To help you meet the challenge head-on, Owen McCafferty presents part 1 of his salary survey report.

By Owen E. McCafferty, CPA CONTRIBUTING FINANCIAL EDITOR

It's no secret that the two greatest costs of providing veterinary care are staffing and drugs. Drug costs, however, are relatively constant, while staff costs are increasingly volatile.

As you know, staffing your practice costs much more than the combined salaries of your employee team. With the ever-changing array of fringe benefits, payroll taxes, deferred-compensation arrangements, minimum-wage increases, and the like, staff costs quickly escalate; that's why controlling them will be one of the greatest challenges you'll face this decade.

You could, of course, simply pay fewer people less money, but you take enormous risk in doing so. Most successful veterinary practices are extremely dependent upon their employees. In today's competitive environment, attracting and keeping top talent is no longer a luxury but a *necessity*. Your challenge, then, is to obtain the highest level of competence at the most affordable price.

THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

The problem is that top talent won't work for anything less than top wage—and as employee populations shrink, top talent will be harder to find than ever before. I predict that this situation will force the profession to begin hiring at salary levels much higher than those currently paid.

Charting a course

In the face of these challenges, I believe it's important to monitor hiring trends annually, and to compare them for pattern indicators. To do so, I plan to chronicle—through your responses to surveys that will appear in VETERINARY ECONOMICS—the changes occurring in veterinary staffing.

This project began with a salary survey in the February 1990 issue. The survey covered all veterinary staff positions, and included questions on salary, hours, vacations, sick days, and such benefits as pension and profit-sharing plans, health insurance, child care, and continuing education. For consistency, I referenced the survey to AAHA's Chart of Accounts. (For more information on how the survey was conducted, see the box on page 47.)

In this article, you'll find pay and benefit tables for technicians, receptionists, bookkeepers, office managers, and practice administrators—plus my commentary on each. Next month, I'll present similar information on kennel staff and groomers. In March, I'll cover practice owners, and in April, non-owner veterinarians. The April issue also will include the next survey for your response.

As you read this series of reports, keep in mind that the purpose of the survey is to take a look at what's happening in veterinary practices today, and to identify trends that may affect practices in the future. The information is designed to help you make intelligent management decisions; it is *not* for mindless comparison.

The project demanded many months of compilation and interpretation, not just a cursory review. So the figures *do not* account for 1990 and 1991 inflation. The good news is that, now that the program is in place, the next set of figures will be available closer to the survey date.

Some of you will fall outside the

TECHNICIANS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$7.07	$4.00	$15.83
Pay as % of practice gross	6.98%	1.55%	20.0%
Pay per year	$16,033.06	$4,564.00	$32,089.00
Number of hours worked	1,963.67	105.0	3,120.0
Number of techs/practice	1.68	0.25	9.0
Number of vacation hours	74.49	20.0	300.0
Number of holiday hours	46.59	10.0	96.0
Number of sick hours	43.25	12.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,707.23	$200.00	$6,526.00
Contribution for health insurance benefit	$1,291.60	$42.00	$6,526.00
Contribution for unreimbursed medical expenses	$463.64	$100.00	$1,000.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$343.12	$30.00	$3,120.00
Contribution for continuing education	$278.07	$40.00	$2,500.00
Number of days offered for continuing education	2.7	1.0	7.0

*None provided

minimum and maximum range, and some of you will disagree with my interpretations of the data. Remember, though, that every practice is unique; cookie-cutter formulas simply don't work. Guidelines, however, can be helpful, so now let's take a look at the survey results:

Technicians

Gathering historical information about technicians is one of the primary goals of this survey. I believe that technicians will play an extremely important role in practice health this decade, and I anticipate higher pay for them.

Although technician pay is not likely to exceed that earned by experienced veterinarians, some techs already make more than low-paid doctors. For example, the survey shows maximum pay for technicians to be $15.83 per hour, which is greater than the minimum hourly rate paid to doctors practicing one to six years out of school. (Statistics for this group will appear in the April issue.)

On the other extreme, it surprised me to find some technicians being paid as little as $4 per hour. In my interpretation, I can only assume that the respondent may have been confusing technicians with lay assistants.

On average, technician's pay comes to $7.07 per hour, which is well within the amount I would expect. The survey also reveals that technician's pay accounts, on average, for 6.98 percent of gross income—the first reliable information I've seen in this category.

On an annual basis, technicians take home between $4,500 and $32,000 per year, or an average of $16,033. (The lower figures for technicians' pay represent work hours less than full-time.)

According to the survey, technicians work a normal year of approximately 1,964 hours; however, the responses range from 105 to 3,120 hours. I assume that some of the technicians at the high end are either long-term employees or are related to the owners—husbands, wives, daughters, sons, and so on.

Annual fringe benefits for technicians mirror the norm, with about 74 hours for vacation time, 47 hours for holidays, and 43 hours for sick time. It's interesting to note that the average number of sick hours offered to technicians is lower than that offered for all categories of doctors.

Surprisingly, other fringe benefits for technicians also fall below those for doctors. The average amount contributed to profit-sharing plans comes to $1,707, with medical insurance at $1,291. Unreimbursed medical expense seems low at about $464, with no child-care benefits offered. Continuing education costs average $278, with 2.7 days per year allotted for this purpose. I assume that the CE benefit is absorbed entirely by the owner, because most technicians aren't paid on a percentage-of-gross basis.

Technicans will play an extremely important role in practice health this decade. I anticipate higher pay for them.

Receptionists

On average, receptionists make less money than technicians. Their average hourly wage is $6.48 per hour, with the average annual salary ringing in at $14,588. At the upper end, however, both groups of workers make about the same: $32,000 a year.

Receptionists and technicians work about the same number of hours, with technicians tipping the scales slightly. I found it interesting that the average number of receptionists and technicians per practice is nearly the same: 1.69 and 1.68, respectively.

Receptionists and technicians also prove to be similar in vacation, holiday, and sick leave. Benefits, however, are lower for receptionists; for example, their profit-sharing plan contributions average $1,424, compared to $1,707 for technicians.

In future surveys, we'll look at many of these statistics by gender. Because most receptionists and technicians are women, it's interesting to note that the average number of sick days for these positions is far less than you find among owner-doctors, the majority of whom are male.

Owner-doctors receive, on average, about 57 hours of sick leave per year, compared to about 43 hours for both receptionists and technicians, which indicates that practices vary sick-leave levels based upon job function.

Bookkeepers

Bookkeepers earn an average of $7.78 per hour, comparable pay to that of technicians. Interestingly, the minimum and maximum amounts are nearly the same for both groups, with the maximum technician figure slightly higher.

On average, 2.97 percent of gross is devoted to a bookkeeper's time, with an average pay per year of $9,979. Most practices employ one bookkeeper, who works, on average, 1,066 hours per year. Given their part-time status, bookkeepers receive 64 hours of vacation per year, plus the full benefit of holiday time. Sick time is slightly higher than that of technicians, at 45.67 hours.

Keep in mind that larger practices may employ as many as two bookkeepers, and offer more for the specialized service bookkeepers bring to a practice. Therefore, the numbers here, particularly in regard to benefits, may be slightly skewed by the responses from the larger practices.

Fringe benefits for bookkeepers

RECEPTIONISTS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$6.48	$4.00	$14.00
Pay as % of practice gross	6.65%	1.0%	15.0%
Pay per year	$14,588.03	$5,109.00	$32,000.00
Number of hours worked	1,914.05	156.0	3,120.0
Number of receptionists/practice	1.69	0.5	5.0
Number of vacation hours	74.31	24.0	216.0
Number of holiday hours	46.88	10.0	96.0
Number of sick hours	43.03	16.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,423.57	$215.00	$4,600.00
Contribution for health insurance benefit	$1,230.67	$66.00	$5,703.00
Contribution for unreimbursed medical expenses	$395.00	$100.00	$800.00
Contribution for child-care benefit	*	*	*
Contribution for other benefits	$431.26	$30.00	$4,840.00
Contribution for continuing education	$207.59	$10.00	$1,000.00
Number of days offered for continuing education	2.32	0.5	6.0

*None provided

are comparable to those of technicians, with pension and profit-sharing plan contributions for full-time people at $1,602, *vs.* $1,707 for technicians. Health insurance proves comparable as well, at $1,193 for bookkeepers and $1,292 for technicians.

Unreimbursed medical expense rings in considerably lower, with only $100 on average going to bookkeepers. Although bookkeepers are allowed the same amount of time for continuing education as receptionists, their dollar allotment for CE is lower than that for technicians, probably because most owner-doctors believe bookkeepers require less CE. This belief, however, isn't in sync with a bookkeeper's need to keep up with changes in the tax law, to monitor the internal controls within a practice, and to work on such changing facets of practice as computerization.

Office managers

The office manager position is one of the fastest-growing job classifications in the veterinary profession. On average, office managers are paid $8.11 per hour, well above the pay of receptionists, technicians, and bookkeepers.

The minimum reported pay for office managers is $4.55 per hour, which, we suspect, is paid when the office manager and receptionist positions are combined. The percent of gross income spent on office managers ranged from 2.1 to 8 percent, which also points to a blending of functions.

My theory is that, as an office

BOOKKEEPERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$7.78	$4.00	$15.00
Pay as % of practice gross	2.97%	0.04%	10.4%
Pay per year	$9,979.00	$520.00	$36,300.00
Number of hours worked	1,066.0	12.0	2,600.0
Number of bookkeepers/practice	1.03	0.25	2.0
Number of vacation hours	64.0	25.0	120.0
Number of holiday hours	49.0	24.0	67.5
Number of sick hours	45.67	24.0	80.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,601.75	$400.00	$3,125.00
Contribution for health insurance benefit	$1,193.25	$834.00	$2,000.00
Contribution for unreimbursed medical expenses	$100.00	$100.00	$100.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$454.17	$50.00	$1,200.00
Contribution for continuing education	$163.00	$60.00	$500.00
Number of days offered for continuing education	2.33	1.0	3.0

*None provided

manager's functions become more delineated in higher-grossing practices, the reliability of the upper level of reported percentages will improve. At this time, we're seeing a percentage-of-gross pay contribution that may not truly represent the cost.

Annually, office managers average $17,556 and work 1,784 hours. These hours are less than full-time, probably because many office managers share duties as technicians, receptionists, and so on. As the role evolves, however, it's likely that the position will demand at least 2,300 to 2,400 hours per year. These projections are borne out when you look at the minimum and maximum range—120 to 2,600 hours. The 2,600 figure isn't abnormal, but reflects a developed position.

The maximum amount paid to an office manager is $29,880; when divided by 2,600 hours, the pay comes to $11.49 per hour. As you can see, that's lower than the reported maximum rate of pay per hour, primarily because "office manager" is generally a salaried position that doesn't entitle the person to overtime. The effective hourly rate is far lower than most people anticipate because most administrative roles demand more than 40 hours per week.

Of those practices that employ an office manager, most have only one, although some larger practices report up to two full-time office managers. My guess is that at the high end, the office manager is probably functioning as a hospital administrator. ▶

OFFICE MANAGERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$8.11	$4.55	$13.00
Pay as % of practice gross	5.33%	2.10%	8.0%
Pay per year	$17,556.00	$7,346.00	$29,880.00
Number of hours worked	1,783.94	120.0	2,600.0
Number of managers/practice	0.98	0.25	2.0
Number of vacation hours	84.23	8.0	360.0
Number of holiday hours	43.69	120.0	72.0
Number of sick hours	42.35	20.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,529.23	$300.00	$3,125.00
Contribution for health insurance benefit	$1,463.06	$100.00	$4,140.00
Contribution for unreimbursed medical expenses	$250.00	$100.00	$400.00
Contribution for child-care benefits	*	*	*
Contributions for other benefits	$324.15	$26.00	$800.00
Contribution for continuing education	$296.03	$20.00	$1,000.00
Number of days offered for continuing education	2.96	1.0	7.0

*None provided

Vacation and holiday statistics for office managers aren't surprising; the report indicates two weeks of vacation and the normal allotment for holidays. One interesting statistic: the maximum number of vacation hours reported is 360 hours, or 9 weeks, of vacation—leading me to believe that there must be a familial relationship between the office manager and the owner. In our experience, even the most generous practices don't offer more than four weeks for office managers.

Sick hours proved interesting as well. Office managers are offered the fewest number of annual sick hours—42.35—compared to technicians at 43.25, receptionists at 43.03, and bookkeepers at 45.67. Office managers also receive lower pension and profit-sharing contributions in practices that pay for the same benefit for technicians. The average, annual benefit for office managers is $1,529, compared to $1,707 for technicians. This statistic is especially interesting when you consider that the average pay per hour and annual pay per year for an office manager is generally higher than that of a technician.

The office manager findings appear to confirm another theory: The more mature the practice, the less likely it is to have a pension and profit-sharing plan. Why? Because there are more employees and smaller contributions to principals. Health insurance for office managers, however, is reported highest of all the support classifications. Practices offer unreim-

bursed medical expenses as well, but at a lower rate than that for technicians and receptionists.

One very ripe trend I see evolving is an increase in continuing education for office managers. On average, respondents spend $296 for approximately three days of CE. Although this figure isn't the highest amount spent for support staff, I believe this trend will and should continue.

Practice administrators

The responses indicate some confusion about the definition of this position. Therefore, although the average responses are somewhat reliable, they should be studied in relation to the comments below.

Average pay for hospital administrators rings in at $9.52 per hour, with the responses ranging from $4.75 to $25. I think that the minimum pay reported represents a misunderstanding of terminology. No practice administrator would work for $4.75 per hour.

I also believe that the $9.52 average pay per hour shows recognition by the marketplace that a practice administrator is worth more than an office manager. For the skills required of a practice administrator, however, I believe the $9.52 average is low, possibly because some of the respondents may be reporting the pay for office manager under this classification.

It's also important to note that people love titles. In some cases, practices bestow titles that aren't necessarily indicative of talent. "Practice administrator" sounds more responsible than "office manager," so some practices give this title without the requisite skill or compensation. In reviewing this segment of the survey, please understand that the term "practice administrator" applies to a very small segment of the supervisory veterinary practice-management population.

> The findings confirm another theory: The more mature the practice, the less likely it is to have a pension and profit-sharing plan.

The high end of the practice administrator's pay level—$25 per hour—provides an indication of how true practice administrators are being paid. This pay, at 40 hours a week for 52 weeks, translates to about $52,000 a year, which is a reasonable salary for an extremely busy, high-volume, multidoctor hospital. For most practices, though, this highly paid, highly talented employee isn't affordable.

The survey also shows that the average pay for administrators, as a percentage of gross, comes in at 3.1 percent, which is consistent with the numbers we see in practice. Our experience shows this percentage limit to be somewhat reliable; it isn't, however, in the upper limit of what we've seen practices pay. We've seen minimum pay for practice administrators range from 2.75 to 6 percent of gross income, with the average 3 to 4 percent.

As the practice-administrator classification becomes more delineated, and more practitioners understand the true meaning of the term, the information will become more reliable. Now, however, we at least have a pattern to study.

The reported average pay per year for practice administrators more closely reflects what we've seen in veterinary practices. For example, the average annual pay for a practice administrator is reported to be $25,614 (compared to $17,556 for an office manager), with a range of $19,717 to $36,300.

These numbers indicate that the maximum reported hourly pay for practice administrators probably isn't for full-time work. Many practices share administrators, thereby gaining a level of sophistication and expertise *without* the costs of a full-time employee. I believe we'll see more of this trend in the future.

How many hours do practice administrators work? Average annual hours fall below the norm, due in part to the number of part-time administrators. As you might expect, those practices with

PRACTICE ADMINISTRATORS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$9.52	$4.75	$25.00
Pay as % of practice gross	3.1%	3.1%	3.1%
Pay per year	$25,614.00	$19,717.00	$36,300.00
Number of hours worked	1,897.0	480.0	3,120.0
Number of administrators/practice	1.09	0.25	3.0
Number of vacation hours	80.6	30.0	160.0
Number of holiday hours	50.63	12.0	80.0
Number of sick hours	36.3	20.0	75.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$781.50	$360.00	$1,170.00
Contribution for health insurance benefit	$1,250.43	$360.00	$2,748.00
Contribution for reimbursed medical expenses	*	*	*
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$1,028.75	$75.00	$3,425.00
Contribution for continuing education	$497.69	$60.00	$1,500.00
Number of days offered for continuing education	3.67	2.0	7.0

*None provided

the maximum number of hours—3,120—demand the most of their administrators. Although 3,120 seems exceptionally high, it isn't out of the realm of credibility.

In the future, we anticipate that the normal range of annual hours for a practice administrator will be between 2,300 and 2,600, with more practices hiring full-time administrators. Although one respondent indicated that he or she has three administrators, this too seems to be a misunderstanding of the terminology. Although the administrator may confer with other staff members in setting a course for the practice, there can be only one person at the helm.

Vacation hours for practice administrators fall between 30 to 160 hours per year, with an average of 81. Holidays are comparable with those given to other staff members, but sick days are materially less and are, in fact, lower for this support classification than for any other. Benefits for practice administrators are still lagging as well. Pension and profit-sharing contributions, as well as health-insurance benefits, are very low for this level of responsibility. Again, this situation may be due to current misunderstanding of what the position of "practice administrator" means.

It may, however, also mean that mature, sophisticated practices offer the least opportunities for pension and profit-sharing plans. Health insurance for practice administrators on average is lower than for office managers. Two possible explanations: Office manag-

ers receive less compensation but more benefits than administrators, or those practices needing the services of practice administrators generally provide fewer fringe benefits. I believe this tendency toward reducing benefits in more sophisticated practices will become a standard, rather than the exception.

In other benefit categories, practice administrators fare better than office managers. For example, practices reimburse an average of $498 and allow a mean 3.67 days for continuing education for administrators, while they spend only $296 and 2.96 days for managers. This differentiation is likely to grow as the two job classifications become more defined. (In future articles, we'll provide our view of what constitutes an office manager *vs.* a practice administrator. The Veterinary Hospital Managers Association also is working on a project to this end.)

In conclusion

Believe it or not, we now conclude part 1 of this epic salary survey. As I stated at the beginning, surveys by their very nature provide meaningful insight into trends and possible improvements. They are, however, only an indication. You simply can't reach an intelligent conclusion for your practice without an understanding of what a survey entails.

As a final comment, please also understand that your ability to pay your employees is contingent strictly on your ability to generate income. If you find these levels of salary payments unacceptable or below the standard that you would hope to pay your employees, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset —your employees. ■

A REVIEW OF THE SURVEY PROJECT

This project began with a salary survey that appeared in the February 1990 issue of VETERINARY ECONOMICS. Responses arrived from around the country and Canada. For the Canadian responses, my staff converted the figures to U.S. dollars using an average exchange rate to equalize rate inconsistencies.

We photocopied each questionnaire and assigned a control number to assure that all responses would be utilized. Unfortunately, not all respondents provided legible or understandable information; we discarded illegible, incomplete, and inconclusive surveys. To tabulate the responses, we used a data-base management program called "Paradox," which I believe will best serve the needs of this survey in years to come.

We also went through the tedious process of analyzing responses for incorrect interpretation of questions. Our review turned up few misunderstandings; most of the responses appeared reasonable. We took this analytic step, however, to ensure the creation of a data base we could trust. In fact, a committee of three accountants reviewed each piece of data so that one person's viewpoint didn't skew the results. We used our 12 years of experience with veterinarians to judge response appropriateness.

Our judgmental control over the data base does, however, mean that we don't have the normal statistical validity of a survey pursued under a statistical sampling program. However, the cost of maintaining that level of control would far exceed the benefit of reliable information. We believe, within the tolerance of survey limitations, that the data here is extremely reliable.

After the first few survey years, we hope that you will be able to plan your practice data so that completing the survey will be rather simple. You may, in fact, want to start gathering some of the information now in anticipation of the next survey, which will appear in the April issue. In partnership with this VETERINARY ECONOMICS salary survey, you'll build an excellent comparative data base for reviewing how staff salaries affect your practice.

—Owen McCafferty, CPA